

Copenhagen, Helsinki, Oslo, Stockholm, 27 October 2004

## Interim Report Third Quarter 2004

### Improved performance in the first nine months of 2004

- Operating profit up 15% to EUR 1,648m (EUR 1,429m in the first nine months of 2003)
- Net profit up 15% to EUR 1,480m (EUR 1,288m)
- Total income largely unchanged at EUR 4,216m (EUR 4,240m), up 3% on a comparable basis
- Total expenses down 5% to EUR 2,559m (EUR 2,700m)
- Loan losses down 87% to EUR 37m (EUR 279m)
- Earnings per share EUR 0.53 (EUR 0.44)
- Return on equity (excl. goodwill) 21.0% (19.0%)

### Stable underlying development in Q3

- Operating profit up 6% to EUR 548m (EUR 516m second quarter 2004)
- Net profit EUR 398m (EUR 664m, including real-estate gain of EUR 300m)
- Total income down 1% to EUR 1,391m due to shortfall in trading income (EUR 1,404m)
- Total expenses down 1% to EUR 837m (EUR 849m)
- Positive net loan losses
- Earnings per share EUR 0.14 (EUR 0.24, including real-estate gain of EUR 0.10)
- Return on equity (excl. goodwill) 17.0% (28.1%, including real-estate gain)

### Continued growth in business volumes year-on-year

- Mortgage lending increased 14%
- Lending to small and medium-sized corporates up 3%
- Deposits increased by 5%
- Assets under management increased 17% to EUR 125.7bn
- Number of netbank customers up 11% to 3.9 million

### Strong capital position

- Tier 1 capital ratio 7.6%
- Reactivation of repurchase programme
- Nordea Kredit receives AAA rating from Standard & Poor's

*"It is satisfying that we have been able to increase our total income by 3% on a comparable basis in an intensely competitive environment with pressure on margins. Costs have continued to decline even further. Positive net loan losses for the second consecutive quarter underline the healthy shape of our credit portfolio", says Lars G Nordström. President and Group CEO of Nordea.*

*Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The Nordea Group has almost 11 million customers and 1,205 branch offices. The Nordea Group is a world leader in Internet banking, with 3.9 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.*

## Operational income statement

EURm	Q3 2004	Q2 2004	Change %	Jan-Sep 2004	Jan-Sep 2003	Change %	Full year 2003
Net interest income	884	868	2	2,598	2,516	3	3,366
Net commission income	403	405	0	1,205	1,098	10	1,486
Trading income	86	104	-17	346	442	-22	567
Other income	18	27	-33	67	184	-64	220
<b>Total income</b>	<b>1,391</b>	<b>1,404</b>	<b>-1</b>	<b>4,216</b>	<b>4,240</b>	<b>-1</b>	<b>5,639</b>
Staff costs	-463	-456	2	-1,407	-1,590	-12	-2,101
Profit sharing	-15	-15	0	-45	-	-	-46
Other expenses	-359	-378	-5	-1,107	-1,110	0	-1,526
<b>Total expenses</b>	<b>-837</b>	<b>-849</b>	<b>-1</b>	<b>-2,559</b>	<b>-2,700</b>	<b>-5</b>	<b>-3,673</b>
<b>Profit before loan losses</b>	<b>554</b>	<b>555</b>	<b>0</b>	<b>1,657</b>	<b>1,540</b>	<b>8</b>	<b>1,966</b>
Loan losses, net	2	3	-33	-37	-279	-87	-363
Equity method	15	9	67	33	43	-23	57
<b>Profit before investment earnings and insurance</b>	<b>571</b>	<b>567</b>	<b>1</b>	<b>1,653</b>	<b>1,304</b>	<b>27</b>	<b>1,660</b>
Investment earnings, banking	-26	-61		-25	137		170
Operating profit, life insurance	42	51	-18	140	109	28	149
Goodwill amortisation and write-downs	-39	-41	-5	-120	-121	-1	-167
<b>Operating profit</b>	<b>548</b>	<b>516</b>	<b>6</b>	<b>1,648</b>	<b>1,429</b>	<b>15</b>	<b>1,812</b>
Real estate sales and write-downs, net	0	300		300	-		-115
Taxes	-149	-152		-466	-139		-205
Minority interests	-1	0		-2	-2		-2
<b>Net profit</b>	<b>398</b>	<b>664</b>	<b>-40</b>	<b>1,480</b>	<b>1,288</b>	<b>15</b>	<b>1,490</b>

## Ratios and key figures

Earnings per share, EUR	0.14	0.24	0.53	0.44	0.51
Share price <sup>1</sup> , EUR	6.57	5.93	6.57	4.92	5.95
Shareholders' equity per share <sup>1,2</sup> , EUR	4.47	4.33	4.47	4.28	4.28
Shares outstanding <sup>1,2</sup> , million	2,783	2,783	2,783	2,928	2,846
Return on equity excluding goodwill <sup>3</sup> , %	17.0	28.1	21.0	19.0	16.7
Return on equity, %	13.0	22.1	16.2	14.2	12.3
Loans and advances to the public <sup>1</sup> , EURbn	154	156	154	149	146
Deposits and borrowings from the public <sup>1</sup> , EURbn	97	98	97	93	96
Shareholders' equity <sup>1,2</sup> , EURbn	12	12	12	13	12
Total assets <sup>1</sup> , EURbn	262	262	262	261	262
Assets under management <sup>1</sup> , EURbn	126	123	126	107	113
Cost/income ratio, banking <sup>4</sup> , %	61	63	61	61	63
Cost/income ratio, excl investment earnings, %	60	60	60	63	64
Tier 1 capital ratio <sup>1,5</sup> , %	7.6	7.0	7.6	7.9	7.3
Total capital ratio <sup>1,5</sup> , %	10.1	9.3	10.1	10.1	9.3
Risk-weighted assets <sup>1</sup> , EURbn	140	140	140	135	134

<sup>1</sup> End of period.

<sup>2</sup> Total shares registered was 2,928 million (31 Dec 2003: 2,928 million). Number of own holdings of shares in Nordea Bank AB (publ) was 145 million (31 Dec 2003: 81.6 million). A reduction of share capital through cancellation of repurchased shares was registered on 26 October 2004. The reduction has been made through retirement without payment of 81.6 million shares repurchased in 2003. Average number of own shares Jan-Sep 2004 was 132 million (Jan-Dec 2003: 50 million). Average number of outstanding shares Jan-Sep 2004 was 2,798 million (Jan-Dec 2003: 2,921 million, Jan-Sep 2003: 2,928 million). Dilution is not applicable.

<sup>3</sup> Net profit before minority interests and goodwill amortisation/write-downs as a percentage of average shareholders' equity (per quarter). Average shareholders' equity includes minority interests but with all outstanding goodwill deducted.

<sup>4</sup> Total expenses divided by the sum of total income, equity method and investment earnings, banking.

<sup>5</sup> Including the result for the first nine months.

## Quarterly development

EURm	Note	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003
Net interest income		884	868	846	850	838
Net commission income	1	403	405	397	388	379
Trading income		86	104	156	125	130
Other income		18	27	22	36	56
<b>Total income</b>		<b>1,391</b>	<b>1,404</b>	<b>1,421</b>	<b>1,399</b>	<b>1,403</b>
Staff costs		-463	-456	-488	-511	-531
Profit sharing		-15	-15	-15	-46	-
Other expenses		-359	-378	-370	-416	-350
<b>Total expenses</b>	2	<b>-837</b>	<b>-849</b>	<b>-873</b>	<b>-973</b>	<b>-881</b>
<b>Profit before loan losses</b>		<b>554</b>	<b>555</b>	<b>548</b>	<b>426</b>	<b>522</b>
Loan losses, net		2	3	-42	-84	-89
Equity method		15	9	9	14	10
<b>Profit before investment earnings and insurance</b>		<b>571</b>	<b>567</b>	<b>515</b>	<b>356</b>	<b>443</b>
Investment earnings, banking		-26	-61	62	33	27
Operating profit, life insurance		42	51	47	40	40
Goodwill amortisation and write-downs		-39	-41	-40	-46	-40
<b>Operating profit</b>		<b>548</b>	<b>516</b>	<b>584</b>	<b>383</b>	<b>470</b>
Real estate sales and write-downs, net		0	300	-	-115	-
Taxes		-149	-152	-165	-66	159
Minority interests		-1	0	-1	0	-1
<b>Net profit</b>		<b>398</b>	<b>664</b>	<b>418</b>	<b>202</b>	<b>628</b>
Earnings per share (EPS)		0.14	0.24	0.15	0.07	0.21
EPS, rolling 12 months up to period end		0.60	0.67	0.57	0.51	0.55

### Note 1 Net commission income, EURm

Brokerage	35	40	44	35	28
Asset management/investment funds	123	124	127	129	120
Issue of securities	11	6	7	5	2
Loans and advances	93	90	90	88	88
Deposits and payments	199	199	192	200	194
Foreign exchange	11	11	11	13	10
Other	36	43	31	29	35
Commission expenses	-93	-91	-95	-94	-84
<b>Net commission income incl commission reported as trading income</b>	<b>415</b>	<b>422</b>	<b>407</b>	<b>405</b>	<b>393</b>
Of which reported as trading income	-12	-17	-10	-17	-14
<b>Net commission income</b>	<b>403</b>	<b>405</b>	<b>397</b>	<b>388</b>	<b>379</b>

### Note 2 Expenses, EURm

Staff <sup>1</sup>	463	457	489	512	532
Profit sharing	15	15	15	46	-
Information technology <sup>2</sup>	105	108	112	136	88
Marketing	18	23	14	27	14
Postage, telephone and office expenses	46	50	52	56	53
Rents, premises and real estate expenses	83	89	75	87	74
Other	111	110	120	112	123
<b>Expenses</b>	<b>841</b>	<b>852</b>	<b>877</b>	<b>976</b>	<b>884</b>
Of which investment activities <sup>3</sup>	-4	-3	-4	-3	-3
<b>Expenses</b>	<b>837</b>	<b>849</b>	<b>873</b>	<b>973</b>	<b>881</b>

<sup>1</sup> Variable salaries were EUR 26m in Q3 2004 (Q2 2004: EUR 28m).

<sup>2</sup> Refers to IT operations, service expenses and consultant fees. Total IT-related costs in Q3 2004, including staff etc, but excluding IT expenses in insurance operations, were EUR 161m (Q2 2004: EUR 166m).

<sup>3</sup> Including staff costs.

## The Group

### Result summary first nine months 2004

Operating profit increased by 15% in the first nine months of 2004 to EUR 1,648m compared to the same period last year. Net profit was up by 15% to EUR 1,480m and earnings per share were EUR 0.53.

Strong sales and market share gains in several areas resulted in volume growth and increasing net interest income. Commission income increased significantly. Trading income decreased. Total expenses decreased by 5% year-on-year and loan losses were substantially reduced.

### Development in the third quarter 2004

Mixed macroeconomic data and rising oil prices increased the uncertainty regarding the global macroeconomic outlook. Short-term interest rates were largely unchanged in the European markets, whereas long-term interest rates fell. Nordic equity markets had a mixed performance and trading volumes decreased.

#### Income

Net interest income increased by 2% to EUR 884m supported by increasing volumes in Retail Banking. Household lending continued to grow, in the third quarter by 3% mainly from mortgage financing. Lending to small and medium-sized corporates increased by 1%. In the large corporate sector on-balance sheet-lending decreased following the strong increase in the second quarter. In total, loans and advances to the public decreased by 1% to EUR 154bn.

Increasing price competition had a negative effect on lending margins.

Deposits decreased by 1% to EUR 97bn whereas deposit margins increased somewhat supported by the active asset-liability management.

Nordea has continued to actively manage its non-trading interest-rate risk. A portion of Nordea's deposit base, predominantly current accounts, has been defined as having a duration of approx. 1.5 years rather than short-term. The redefinition was made in the second quarter. As a consequence, these volumes open an interest-rate risk and this risk is managed by using derivatives and on-balance sheet items. At the end of the third quarter, approx. EUR 13bn has been hedged with a yield gain of 50-100 basis points, depending on currency. The increase in income from this activity compared to the second quarter is approx. EUR 10m. The effect year-to-date is approx. EUR 25m compared to the same period last year, when including the effect of the previous hedging arrangement last year.

Net commission income was stable at a high level of EUR 403m.

Commissions from brokerage declined to EUR 35m following reduced turnover in Nordic equity markets.

Asset-management-related commissions were stable at EUR 123m. While management fees continues to develop in line with the rise in Assets under Management (AuM), the relatively low business activity reduced transaction-related income. AuM increased by 2% to EUR 125.7bn. Total net inflow reached EUR 2.1bn in the third quarter.

Deposit and payments commissions remained stable at a high level of EUR 199m.

Trading income decreased by 17% to EUR 86m. Trading income was affected by reduced customer activity and lower volatility in financial markets. Fixed income was the product area most affected.

#### Expenses

Total expenses continued to decrease and were reduced by 1% to EUR 837m.

Staff costs increased by 2% to EUR 463m. Restructuring expenses and pension-related costs were slightly higher than in the second quarter.

The number of employees, measured by full-time equivalents, was reduced by 150 during the quarter.

Other expenses decreased by 5% to EUR 359m. The decrease was partly a result of seasonal factors impacting expenditures such as IT and marketing.

#### Loan losses

Also in this quarter, net loan losses were positive at EUR 2m. Reversals exceeded new provisions in the business areas, and no major problem area was identified.

#### Investment earnings, banking

Investment earnings, banking, were EUR -26m compared to EUR -61m in the second quarter. The result was negatively influenced by a positioning for higher rates early in the quarter when interest rates fell.

#### Life insurance

Profit from Life was EUR 42m. Life insurance activities continued to contribute with a relatively stable profit also this quarter, albeit somewhat lower than the high level achieved in the previous quarters.

**Equity method**

Profit from companies accounted for under the equity method increased to EUR 15m. Improved results from the partly owned Russian bank International Moscow Bank contributed to the increase.

**Net profit**

Net profit amounted to EUR 398m corresponding to EUR 0.14 per share and a return on equity of 17.0% (excluding goodwill). Adjusted for the impact of the real estate gain, earnings per share in the second quarter were also EUR 0.14 and return on equity was 16.4% (excluding goodwill). The rolling 12-month earnings per share were EUR 0.60.

**Development in the first nine months 2004 compared to the same period 2003****Income**

Net interest income increased by 3% to EUR 2,598m in the first nine months 2004.

Mortgage lending to household customers has expanded significantly and volumes increased by EUR 8.2bn, or 14%, year-on-year. Nordea has increased its market shares within mortgage lending in most of the Nordic markets. Lending to small and medium-sized corporates increased by 3% to EUR 58.9bn, while on-balance-sheet lending to large corporate customers was reduced. In total, loans and advances to the public increased by 4% to EUR 154bn.

Lending margins within Retail Banking were reduced compared to last year whereas lending margins to large corporates strengthened somewhat.

Deposits increased by 5% to EUR 97bn. Falling short-term interest rates had a negative impact on deposit margins compared to last year.

Net commission income increased by 10% to EUR 1,205m. Commissions from brokerage increased by 65% to EUR 119m as equity market indices and volumes improved. Commissions from asset management increased by 11% to EUR 374m. Commissions from deposits and payments increased by 5% to EUR 590m reflecting an increase in the total number of transactions, in particular card payments and internet transactions.

Trading income fell by 22% to EUR 346m from the high level in the first nine months of 2003.

Other income decreased by 64% to EUR 67m. The reduction is explained by non-recurring gains of approx. EUR 110m last year and lower property-related income following Nordea's divestment of real estate.

**Expenses**

Total expenses fell by 5% to EUR 2,559m. Underlying expenses decreased by approx. 6% adjusted for restructuring charges, variable salaries and currency fluctuations. This development reflects the generally strengthened cost management culture in the Group.

Staff costs were reduced by 12% in the first nine months compared to the same period last year. Underlying staff costs were reduced by 7%. Compared to one year ago, the number of employees has been reduced by approx. 2,000 as a result of rationalisations and an additional 1,100 as a result of outsourced services.

The reservation for profit-sharing amounted to EUR 45m in the nine months of 2004. In 2003, no reservation for profit sharing was made in the corresponding period.

Other expenses were stable at EUR 1,107m. Information technology expenses increased by EUR 53m to EUR 325m. This includes expenses related to outsourced staff in the IBM joint venture. Total IT-related costs were down slightly. Underlying other expenses were reduced by 6%.

**Loan losses**

Loan losses were 0.03%, annualised, of total loans and guarantees compared to 0.25% last year. The improvement reflects an overall stable credit quality.

**Investment earnings, banking**

Investment earnings were EUR -25m, a decline by EUR 162m from the high level achieved in the same period last year. The investment risk framework, as outlined under Group Treasury on page 17, has an impact on the comparison year-on-year.

**Life insurance**

Profit from life insurance improved to EUR 140m from EUR 109m in the first nine months of 2003, mainly reflecting the implementation of the changed business model in Life.

**Net profit**

Net profit was EUR 1,480m corresponding to EUR 0.53 per share, and a return on equity of 21.0% (excluding goodwill). Earnings per share in the first nine months, adjusted for the impact of the real estate gain, were EUR 0.42 and return on equity was 17.2% (excluding goodwill).

**Credit portfolio**

At the end of the third quarter, impaired loans, net, amounted to EUR 596m representing 0.4% of total lending, compared to 0.6% of total lending one year ago.

Over the last 12 months, the share of household lending increased to 46% from 43%, representing a marked shift

towards low risk and high quality assets. Within household lending, mortgage loans account for 76%.

There was no major change in the composition of the corporate loan portfolio in the third quarter. Real estate management remains the largest industry exposure in the credit portfolio and amounts to EUR 22.6bn, representing 15% of the total portfolio.

### **Repurchase of own shares**

Nordea has a strong core capital base. In the third quarter Nordea launched a highly cost-effective securities issue targeted at European retail investors. The EUR 500m bond is classified as Tier 1. It raised Nordea's Tier 1 capital ratio by approximately 0.4 percentage points.

The Board of Directors today decided, within the framework of the authorisation by the Annual General Meeting, that the Bank will reactivate the repurchase programme to buy-back up to a maximum of 139 million of its own shares (equivalent to approx. 5% of the total shares in the Bank). A 5% repurchase would reduce the Tier 1 capital ratio by approx. 0.6 percentage points.

Shareholders' equity amounted to EUR 12bn at the end of the quarter. The Tier 1 capital ratio increased from 7.0% in the second quarter to 7.6% and the total capital ratio from 9.3% to 10.1%, including the result for the first nine months of 2004.

The reduction of share capital in Nordea through cancellation of repurchased shares was registered on 26 October 2004. The reduction has been made through retirement of 81.6 million shares repurchased in 2003.

### **IFRS implementation**

The introduction of IFRS principles for publicly traded companies in 2005 will affect Nordea mainly in the following areas:

Life insurance contracts will be marked to market, which will affect assets and liabilities of the life insurance business, but is expected to have limited effect on the reported financials.

The consolidation principles will be changed, which will affect the consolidation of Nordea's life insurance business and other non-fully-consolidated holdings.

The recommendation regarding valuation of financial instruments (IAS 39) has not yet been endorsed by the EU. There is continued uncertainty attached to the scope of the recommendations. The latest draft recommendations may lead to an increased accounting volatility, but they are not expected to have a material impact on the reported earnings going forward.

Certain aggregated reserves regarding the loan portfolio will not be upheld under IAS 39, and are expected to be dissolved. This will lead to a positive one-off effect on equity.

Amortised cost calculations on non-performing loans will increase the net interest income as well as the loan loss amount on a recurring basis.

Goodwill will no longer be amortised, but impairment test will, as previously, be regularly performed. If the new rule had been applied already this year, the operating result for the period January-September would have been EUR 120m higher.

The implementation of the IFRS principles is not expected to have any major net negative impact on Nordea's reported earnings or financial position. Nordea's preparations for the implementation are proceeding according to plan.

### **The Nordea share**

During the third quarter the share price of Nordea appreciated by 9.7% on the Stockholm Stock Exchange from SEK 54.25 on 30 June to SEK 59.50 on 30 September. Total shareholder return for the third quarter was 9.7%.

### **Changes in Group Executive Management**

In order to simplify structures and processes in the Group and to further enhance customer orientation and increase focus on top-line growth, Nordea's organisational structure will be adjusted as of 1 November 2004.

The overall structure with three business areas will be maintained, but a clearer split of responsibility between customer, product, service and staff units is established.

Peter Schütze, currently Head of Group Staffs, has been appointed new Head of Retail Banking succeeding Kari Jordan, who is leaving Nordea. Frans Lindelöw, currently Head of Equities, has been appointed Deputy Head of Retail Banking and member of Group Executive Management. Frans Lindelöw will be responsible for products and concepts within Retail Banking. Lena Eriksson, Head of Group Legal, has also been appointed member of Group Executive Management.

In addition, Markku Pohjola remains deputy CEO now also responsible for Group Human Resources.

### **Increased holding in International Moscow Bank**

Nordea will participate in a share issue launched by International Moscow Bank (IMB) and thereby increase its holding from 21.7% to 26.4%. Nordea operates in Russia through its holding in IMB which is the largest foreign owned bank in Russia, measured by assets, and the 8<sup>th</sup>

largest bank in the country with total assets of approx. EUR 2.2bn.

#### **Nomination committee for 2005**

The 2004 Annual General Meeting resolved to establish a Nomination Committee for 2005. The Committee is to make proposals to the 2005 AGM regarding the election of Board members as well as the Board members' remuneration and auditors' fees. According to the AGM resolution, the Nomination Committee shall comprise representatives of the three largest shareholders as well as the Chairman of the Board of Directors, Hans Dalborg.

The shareholders have appointed Eva Halvarsson, the Swedish State, Mogens Hugo Jørgensen, Nordea Danmark-fonden and Staffan Grefbäck, Alecta.

The Nomination Committee has elected Eva Halvarsson Chairman of the Committee. Furthermore, the Committee has in accordance with the AGM resolution decided to appoint one additional member, Juha Rantanen who has been appointed President and CEO of Outokumpu as of 1 January 2005 and was previously President and CEO of Ahlstrom Corporation.

#### **Proposed demutualisation of Nordea Liv I in Sweden**

Nordea plans to transform its mutual life company Nordea Liv I (former Livia) in Sweden into a demutualised company. The policyholders of Nordea Liv I will during the autumn 2004 be asked to vote regarding a demutualisation.

#### **Awards from The Banker**

Nordea has received a global e-banking award from The Banker, a leading industry publication owned by the Financial Times Group. The Banker's choice was motivated by Nordea's e-banking services being the most widely used in the world, with most transactions and steady growth of e-banking customers.

Nordea in Sweden was also awarded the Banker's Country Award. The country award is a recognition of how Nordea in Sweden has advanced its market position and of the new services and products introduced to both retail and corporate customers.

#### **Outlook 2004**

Nordea expects total income to be in line with that of 2003. The continued increase in overall business volumes is expected to largely offset the recent shortfall in trading income. Previous outlook statement indicated that total income in 2004 would increase compared to that of 2003.

The sharp attention on cost management will be maintained. Based on the progress in cost management in recent quarters, costs for the full year 2004 are expected to remain clearly below costs in 2003.

Based on the overall quality of the credit portfolio, and the present economic outlook for the Nordic countries, the loan loss ratio is expected to be substantially lower than the level experienced in 2003.

## Results by business area third quarter 2004

	Business areas						
	Retail Banking	Corporate and Institutional Banking	Asset Management & Life		Group Treasury	Group Functions and Eliminations	Total
EURm			Asset Mgmt	Life			
Customer responsible units:							
Net interest income	730	92	9		41	12	884
Other income	348	138	63		-1	-41	507
<b>Total income incl. allocations</b>	<b>1,078</b>	<b>230</b>	<b>72</b>		<b>40</b>	<b>-29</b>	<b>1,391</b>
<i>of which allocations<sup>1</sup></i>	<i>138</i>	<i>-54</i>	<i>-60</i>	-22	<i>1</i>	-3	<i>0</i>
<b>Expenses incl. allocations</b>	<b>-601</b>	<b>-128</b>	<b>-44</b>		<b>-8</b>	<b>-56</b>	<b>-837</b>
<i>of which allocations<sup>1</sup></i>	<i>-299</i>	<i>-49</i>	<i>4</i>		<i>-1</i>	345	<i>0</i>
Loan losses	5	19				-22	2
Equity method	3	6				6	15
<b>Profit before investment earnings and insurance</b>	<b>485</b>	<b>127</b>	<b>28</b>		<b>32</b>	<b>-101</b>	<b>571</b>
Investment earnings, banking					-26	0	-26
Operating profit, life insurance				28		14	42
Goodwill amortisation and write-down	-7	-2				-30	-39
<b>Operating profit 2004: Q3</b>	<b>478</b>	<b>125</b>	<b>28</b>	<b>28</b>	<b>6</b>	<b>-117</b>	<b>548</b>
2004: Q2	456	85	31	40	-27	-69	516
2004: Q1	433	154	33	40	55	-131	584
2003: Q4	428	100	35	26	62	-268	383
2003: Q3	395	92	26	33	35	-111	470
Return on equity, %	28%	21%					13.0%
Cost/income ratio, banking, %	56%	54%	61%				61%
<b>Other information, EURbn</b>							
Total assets	153	79	4	25	16	-15	262
Lending	129	24	2		0		154
Deposits	71	20	3		3		97
Capital expenditure, EURm	5	0	1	0	0	6	12
Depreciations, EURm	-5	0	-1	-1	0	-33	-40
<b>Product result 2004: Q3</b>			57	47			
2004: Q2			58	57			
2004: Q1			60	53			
2003: Q4			60	44			
2003: Q3			48	43			

<sup>1</sup> Allocations show the redistribution of cost and income between business areas. Income within CIB and Asset Management has been reduced by EUR 54m and EUR 60m, respectively, while EUR 138m and EUR 1m is included in total income within Retail Banking and Group Treasury, respectively.

Nordea's operations are organised into three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The business areas operate as profit centres. Group Treasury conducts the Group's financial management operations. Group Functions and Eliminations includes the unallocated results of the three group functions, Group Processing and Technology, Group Corporate Centre (excluding Group Treasury) and Group Staffs. This segment also includes items needed to reconcile the Nordea Group.

The principles used in the segment reporting are described below. Figures are disclosed and consolidated using end of period and average currency rates in conformity with the statutory reporting. Within Nordea, customer responsibility is fundamental. The Group's total business relations with

customers are reported in the customer responsible unit's income statement and balance sheet.

Capital allocation is based on the internal framework for calculating economic capital, which reflects each business unit's actual risk exposure considering credit and market risk, insurance risk as well as operational and business risk. This framework optimises utilisation and distribution of capital between the different business areas. When calculating return on allocated capital standard tax is applied.

Economic profit constitutes the internal basis for evaluating strategic alternatives as well as for the evaluation of financial performance.



Asset Management & Life has customer responsibility within investment management and in private banking outside a joint unit with Retail Banking. In addition, Asset Management & Life commands product responsibility for investment funds and life insurance products. The operating profit shown in the accompanying table includes the customer responsible units. The product result for Asset Management and Life respectively represent the Group's total earnings including income allocated to Retail Banking on these products, as well as sales and distribution costs within Retail Banking. The product result for Asset Management includes, in addition to the operating profit of EUR 28m, revenues and expenses related to investment funds allocated to Retail Banking of EUR 52m and EUR 8m, respectively. In addition, estimated sales and distribution costs within Retail Banking of EUR 30m is included in the product result of EUR 57m in the third quarter 2004.

When allocating income and cost between business areas and group functions a gross principle is applied, with the implication that cost is allocated separately from income. Cost is allocated according to calculated unit prices and the individual business areas' consumption. Income is allocated following the underlying business transactions combined with the identification of the customer responsible unit.

Internal allocations of income and expenses are performed in such a way that allocated expenses from a business unit are subtracted from the expenses and added to the expenses in the receiving business unit, with the result that all allocations add to zero on Group level. The same principle is applied for income allocations.

The assets allocated to the business areas include trading assets, loans and advances to the public as well as to credit institutions. The liabilities allocated to the business areas include deposits from the public as well as by credit institutions.

Included in business areas' assets and liabilities are also other assets and liabilities directly related to the specific business area or group function, such as accrued interest, fixed assets and goodwill. All other assets and liabilities, and certain items required to reconcile balances to the Nordea Group are placed in the segment Group Functions and Eliminations.

Funds transfer pricing is based on current market interest rates and used against all assets and liabilities allocated or booked in the business areas or group functions, resulting in a remaining net interest income in business areas driven in essence from margins on lending and deposits.

Goodwill generated as part of business areas' strategic decisions is included in business areas' balances. This also applies to the corresponding result effect derived from amortisation and write-downs and funding costs. Goodwill arising from the creation of Nordea is not allocated, but is placed as part of Group Functions and Eliminations, together with the result effects.

Economic Capital is allocated to the business areas according to risks taken. As part of net interest income business units receive a capital benefit rate corresponding to the expected average medium-term risk-free return. The cost above Libor from issued subordinated debt is also included in the business areas net interest income according to the use of Economic Capital.

Group internal transactions between countries and legal entities are performed according to arms length principles in conformity with OECD requirements on transfer pricing. The financial result of such transactions is fully consolidated into the relevant business areas based on assigned product and customer responsibilities. However, the total result related to investment funds is included in Retail Banking, as well as sales commissions and margins from the life insurance business.

The segment Group Functions and Eliminations contains, in addition to goodwill related to the creation of Nordea, expenses in Group Functions not defined as services to business areas, results from real estate holdings, central provisions for loan losses and profits from companies accounted for under the equity method which are not included in the customer responsible units.

## Retail Banking

- **Increased lending volumes**
- **Positive net loan losses**
- **High level of operating profit maintained**

Retail Banking has customer responsibility for household as well as small and medium-sized corporate customers and develops, markets and distributes a broad range of financial products and services.

### Market conditions

Customer demand remained firm in the third quarter in particular for mortgages and savings products. Client interest in new payment solutions such as e-invoicing continued.

### Business development

Lending to households continued to grow, mainly in mortgage financing. The loan volume increased by EUR 2.3bn to EUR 69.8bn during the third quarter, an increase of 3.4%. The average lending margin for households was 1.47% in the third quarter compared to 1.53% at the end of the second quarter.

Loan demand from corporate customers within Retail continued to rise, during the third quarter with an increase of 1.3%, or EUR 0.8bn, to EUR 58.9bn.

Lending margin for corporate customers declined from 1.18% in the second quarter to 1.13% in the third quarter.

The total loan volume increased from EUR 125.6bn at the end of the second quarter to EUR 128.7bn, an increase of 2.5%. Well over half of the total loan volume is mortgage lending to household and corporate customers. Total lending margins declined to 1.32% from 1.37%, in the third quarter.

The total deposit volume increased by 1.1% to EUR 71.4bn mainly reflecting increased deposits from households. The overall deposit margins increased to 1.27% from 1.18%, in the third quarter supported by the active asset-liability management.

An additional 100,000 international cards were sold bringing the total number of international cards to 4.0 million at the end of the quarter.

New initiatives in the third quarter focused on improved mortgages and housing services, e-business and payment services as well as customer programmes:

In the Danish market, sales of mortgages to small and medium sized corporate customers will be supported by local specialists in the branch regions. A new concept in the Swedish market offering advisory solutions for customers in the process of selling their real estate has been launched. In the Finnish market an e-invoice sales campaign resulted in strong growth in sales with more than 2,000 new e-invoice agreements during the quarter.

In the Polish and the Baltic markets, Nordea has strengthened its position in mortgage lending which is among the fastest growing segments in these markets. In the four markets as a whole, Nordea's market share was 4.5% in the third quarter 2004 compared to 3.8% one year earlier.

### *Electronic banking*

The number of netbank customers increased by 0.1 million in the third quarter and reached 3.9 million, of which 3.5 million are households. The growth in online equity trading customers continued during the quarter. At the end of the third quarter 352,000 customers had signed up for online equity trading.

Netbank activity continued to grow at a rapid pace. The number of log-ons was 40.2 million in the third quarter, corresponding to an increase of 26% year-on-year. The number of netbank payments increased by 17% year-on-year.

### Result

Total income was EUR 1,078m in the third quarter, slightly lower than in the second quarter. Net interest income increased by EUR 9m. Non-interest income was EUR 348m, down by EUR 36m.

Costs were strictly controlled and were reduced compared to the second quarter. In the third quarter the number of employees was reduced by approx. 80 to 17,560 full-time equivalents.

Loan losses in the third quarter showed a net income of EUR 5m as reversals exceeded the need for new provisions.

Operating profit increased for the sixth consecutive quarter to EUR 478m. The return on allocated equity increased from 27% in the second quarter to 28% in the third quarter, and the cost/income ratio improved from 58% in the second quarter to 56% in the third quarter.

## Operating profit by main area

EURm	Total		Retail Denmark		Retail Finland		Retail Norway		Retail Sweden		Poland & Baltic	
	Q3	Q2	Q3	Q2	Q3	Q2	Q3	Q2	Q3	Q2	Q3	Q2
	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Net interest income	730	721	207	205	192	188	108	112	205	196	14	14
Net commissions & other income	348	374	91	90	86	103	37	35	123	134	8	7
<b>Total income</b>	<b>1,078</b>	<b>1,095</b>	<b>298</b>	<b>295</b>	<b>278</b>	<b>291</b>	<b>145</b>	<b>147</b>	<b>328</b>	<b>330</b>	<b>22</b>	<b>21</b>
Total expenses	-601	-637	-160	-166	-150	-163	-84	-89	-184	-193	-16	-16
<b>Profit before loan losses</b>	<b>477</b>	<b>458</b>	<b>138</b>	<b>129</b>	<b>128</b>	<b>128</b>	<b>61</b>	<b>58</b>	<b>144</b>	<b>137</b>	<b>6</b>	<b>5</b>
Loan losses	5	1	-3	-5	2	-3	0	7	7	5	-1	-2
Equity method	3	4	3	4	0	0	0	0	0	0	0	0
Goodwill amortisation	-7	-7	0	0	0	0	0	0	-4	-4	-2	-2
<b>Operating profit</b>	<b>478</b>	<b>456</b>	<b>138</b>	<b>128</b>	<b>130</b>	<b>125</b>	<b>61</b>	<b>65</b>	<b>147</b>	<b>138</b>	<b>3</b>	<b>1</b>
Cost/income ratio, %	56	58	53	55	54	56	58	60	56	59	72	74
Return on equity, %	28	27	27	25	34	32	21	23	32	30	10	5
<b>Other information, EURbn</b>												
Lending	128.7	125.6	36.0	35.0	29.8	28.9	20.3	20.2	40.3	39.5	2.2	1.9
Deposits	71.4	70.6	16.2	16.1	22.7	22.7	10.5	10.4	20.8	20.1	1.3	1.2
Economic capital	4.8	4.9	1.5	1.5	1.1	1.2	0.8	0.8	1.3	1.3	0.1	0.1

Margins<sup>1</sup>

	Q3	Q2
	2004	2004
Lending margins, %		
To corporates	1.13%	1.18%
To households	1.47%	1.53%
-household mortgages	0.90%	0.94%
Total lending	1.32%	1.37%
Deposit margins, %		
From corporates	0.93%	0.90%
From households	1.50%	1.38%
Total deposits	1.27%	1.18%

<sup>1</sup> Margins are excluding Poland & Baltic.

## Key figures per quarter

	Q3	Q2	Q1	Q4	Q3
	2004	2004	2004	2003	2003
Operating profit, EURm	478	456	433	428	395
Return on equity, %	28	27	26	26	24
Cost/income ratio, %	56	58	58	55	56
Customer base: households, million	9.6	9.6	9.6	9.6	9.7
corporate customers, million	0.9	0.9	0.9	0.9	1.0
Number of employees (full-time equivalents)	17,557	17,638	17,882	18,320	18,684

## Corporate and Institutional Banking

- **Strong growth in non-interest income**
- **Cost savings realised**
- **Loan loss recoveries**

Corporate and Institutional Banking delivers a wide range of products and services to corporate and institutional customers, and has customer responsibility for large corporates, shipping, offshore and oil services companies, and financial institutions.

### Market conditions

Uncertainty in the global economy continued to affect investor behaviour. The Nordic equity markets were characterised by low turnover as a result of low customer activity. The Nordic and European bond markets were characterised by declining yields and low volatility.

#### Stock market development

	Market volume		Market index
	Q3 2004 EUR bn	Q3 vs. Q2 %	Q3 vs. Q2 %
Denmark	18.4	-9%	5%
Finland	36.3	-19%	-1%
Norway	27.2	31%	7%
Sweden	83.4	-8%	1%

### Business development

In Corporate Banking Division the deal flow continued to build momentum in the third quarter as it has done throughout 2004. However, price competition is increasing. The loan loss recoveries were substantial, indicating a strong credit quality in the customer base.

In Cash Management, a number of mandates were won. Nordea has recently strengthened the product offering in this area.

The positive development for Corporate Finance continued in the third quarter, where both the M&A market and the IPO market continued to improve and Nordea won several advisory mandates.

In the Financial Institutions Division, income decreased due to the level of lower market activity. Clients were inclined to leave their portfolios unchanged in the hesitant financial markets. A number of client mandates were won towards the end of the quarter. The dedicated customer approach for financial institutions is increasingly showing results, and successes included the cash management and global custody business for the Finnish state pension fund.

In Custody services, the number of transactions decreased by 11% compared to the second quarter while assets under custody increased by 5% to EUR 438bn.

Business activity within International and Shipping Division was high and the division has underwritten, syndicated and closed several large transactions in the quarter. Increased competition is exerting pressure on prices.

In Markets Division, customer activity was low in all product areas, especially in the first part of the quarter. Fixed income was the product area mostly affected. In the quarter, Nordea was sole book runner for a SEK 2.5bn 10 year Eurobond issued by the European Investment Bank (EIB).

### Result

Total income in the third quarter amounted to EUR 230m, up by EUR 22m or 11% from the second quarter. Net interest income was EUR 92m, somewhat down from the previous quarter as a result of reduced on-balance sheet lending volume in addition to continued pressure on credit margins. Other income increased by EUR 28m to EUR 138m despite somewhat low customer activity as a seasonal pattern for the third quarter. Commission income picked up significantly in corporate banking as well as in shipping businesses as a consequence of successful execution of several large equity and debt-capital-market-related transactions and an active role in loan syndications. Income in Markets was lower than in the previous quarter, reflecting the low market activity especially among institutional customers.

Total expenses in the third quarter were EUR 128m, down by EUR 6m or 4% compared to the previous quarter. The decrease is attributable to lower staff costs, lower number of employees as well as lower performance related salaries in Markets. The number of employees continued to decrease in the quarter and has been reduced by approx. 170, or 8%, from the beginning of the year. Other costs remained stable in the third quarter.

Loan losses amounted to a positive figure of EUR 19m including transfer risk, as the reversals of earlier provisions for loan losses exceeded the amount of new provisions for the third consecutive quarter.

Operating profit was EUR 125m, up by EUR 40m from the second quarter, corresponding to a return on allocated equity of 21%. The cost/income ratio was 54%.

## Operating profit by main area

	Total		Corporate Banking Division <sup>1</sup>		Financial Institutions Division <sup>1</sup>		International and Shipping Division <sup>1</sup>		Other		Markets <sup>2</sup>	
EURm	Q3 2004	Q2 2004	Q3 2004	Q2 2004	Q3 2004	Q2 2004	Q3 2004	Q2 2004	Q3 2004	Q2 2004	Q3 2004	Q2 2004
Net interest income	92	98	53	56	9	9	29	29	1	4	14	16
Other income	138	110	56	48	20	31	18	11	44	19	99	108
<b>Total income</b>	<b>230</b>	<b>208</b>	<b>109</b>	<b>104</b>	<b>29</b>	<b>40</b>	<b>47</b>	<b>40</b>	<b>45</b>	<b>23</b>	<b>113</b>	<b>124</b>
Total expenses	-128	-134	-38	-39	-29	-31	-11	-12	-50	-52	-64	-73
<b>Profit before loan losses</b>	<b>102</b>	<b>74</b>	<b>71</b>	<b>65</b>	<b>0</b>	<b>9</b>	<b>36</b>	<b>28</b>	<b>-5</b>	<b>-29</b>	<b>49</b>	<b>51</b>
Loan losses	15	6	12	4	0	0	3	2	0	0	0	0
Transfer risk	4	4	4	4	0	0	0	0	0	0	0	0
Equity method	6	3	0	0	0	0	0	0	6	3	0	0
Goodwill amortisation	-2	-2	-1	-1	-1	-1	0	0	0	0	0	0
<b>Operating profit</b>	<b>125</b>	<b>85</b>	<b>86</b>	<b>72</b>	<b>-1</b>	<b>8</b>	<b>39</b>	<b>30</b>	<b>1</b>	<b>-26</b>	<b>49</b>	<b>51</b>
<b>Other information, EURbn</b>												
Lending	24.1	26.1	12.6	13.3	1.4	1.9	6.5	6.6	3.5	4.3	3.5	4.3
Deposits	19.5	20.9	7.3	6.9	7.5	8.1	3.1	3.0	1.6	3.0	1.6	3.0
Economic capital	1.7	1.7	1	1.0	0.2	0.2	0.3	0.3	0.2	0.2	0.6	0.5

<sup>1</sup> Figures include income and costs related to the division's activities as a customer responsible unit. In addition, the division has income and costs related to its service and product responsibility that are allocated to other customer responsible units within the Group.

<sup>2</sup> Markets has product responsibility for trading products such as FX, fixed-income and related derivatives and is evaluated by the product result. The product result includes all income and expenses related to the respective products, which is allocated to the customer responsible units within Corporate and Institutional Banking and Retail Banking.

## Key figures per quarter

	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003
Operating profit, EURm	125	85	154	100	92
Return on equity, %	21	14	25	15	13
Cost/income ratio, %	54	64	48	54	56
Number of employees (full-time equivalents)	1,932	1,941	1,974	2,102	2,172

## Asset Management & Life

- **Assets under Management at EUR 125.7bn on net inflow of EUR 2.1bn in the third quarter**
- **Robust sale of Nordic retail funds**
- **European Fund Distribution continues strong trend**
- **Firm Life result**

Asset Management & Life is responsible for the Group's activities within institutional investment management, life insurance and pensions, investment funds, private banking and in the savings market in general.

### Market conditions

Mixed macroeconomic data and rising oil prices increased the uncertainty regarding the global macroeconomic outlook and long-term interest rates declined. Global equity markets, as measured by the MSCI world index declined by 3%. Nordic equity markets showed a mixed performance and trading volumes fell.

### Business development

Assets under management (AuM) increased by EUR 2.4bn to EUR 125.7bn. Net inflow of EUR 2.1bn was the main factor behind the rise in AuM, while return on assets and currency effects made a small positive contribution. By the end of the third quarter, equity products represented 34% of total AuM compared to 36% in the second quarter. The transaction volume remained subdued following the hesitant trends in financial markets.

In Retail funds AuM rose by EUR 0.7bn to EUR 38.7bn of which net inflow contributed EUR 1bn.

Nordea's market share in the Nordic retail fund market was 19.3% of AuM in the third quarter, a gain of 0.2 percentage points. The market share of net inflows was equal to 31.6%. Nordea's share of net inflows was robust across markets. In Finland the market share in net inflows remained above 40%. The strong Danish inflow was partly caused by institutional funds. In Sweden sales in fixed income funds were the main contributor to the improvement in the market share of net inflows to 14.8%. Net inflows into the European Equity Hedge Fund also contributed. The market share of net inflows in Norway continues to be above the market share of AuM. As a result the market share of AuM increased to 8.8% from 8.7%.

Nordea market shares in the Nordic fund market<sup>1</sup>

Percent	Nordic	Denmark	Finland	Norway	Sweden
Net inflow Q3	31.6	37.6	40.4	17.3	14.8
AuM end Q3, 2004	19.3 <sup>2</sup>	24.4	27.9	8.8	15.9 <sup>2</sup>

<sup>1</sup> Market shares are based on official statistics and include all funds, also institutional.

<sup>2</sup> Swedish AuM market share is based on second quarter 2004 data.

With a net inflow of EUR 0.5bn, AuM within Nordic Private Banking rose to EUR 26.3bn. The overall trend in quarterly inflows has been stable during 2004 and AuM in Nordic Private Banking have increased by 10% year-to-date.

In International Wealth Management & Funds – comprising European Private Banking and European Fund Distribution – net inflow amounted to EUR 0.3bn bringing AuM to EUR 12.8bn at the end of the quarter.

The equity value funds distributed through European Fund Distribution continue to be among the best selling cross-border funds in Europe. In particular, inflows in the German market have been strong despite the weak conditions in this market in general.

Assets managed for institutional clients rose EUR 0.2bn, and AuM were EUR 22.5bn at the end of the quarter. Net inflow from both existing and new institutional clients accounted for EUR 0.1bn of the increase.

In Life & Pensions, total net written premiums were somewhat lower than in the previous quarter due to seasonal effects, but year-on-year net written premiums increased by 6%. AuM in Life & Pensions rose EUR 0.6bn to EUR 25.4bn. Net inflows in the quarter accounted for EUR 0.2bn of the increase.

### Result

Asset Management revenues declined by 1% from the second quarter to EUR 132m. While management fees continued to develop in line with the rise in AuM, the subdued business activity affected transaction-related income negatively. The decline in average net margins can also be explained by this reduction in transaction-related income. Asset management expenses were reduced by 2% and the product result declined by 1% to EUR 57m.

The product result in Life & Pensions was EUR 47m, down from the high level of EUR 57m reached in the second quarter. Financial buffers were 4.4% of life provisions by the end of the third quarter, down from 4.9% in the second quarter. Unit-linked is an increasingly important contributor to the result within Life & Pensions.

## Volumes, inflow and margins

EURbn	Total			Denmark		Finland		Norway		Sweden	
	Q3 2004	Q3 Inflow	Q2 2004	Q3 2004	Q2 2004	Q3 2004	Q2 2004	Q3 2004	Q2 2004	Q3 2004	Q2 2004
<b>Customer/Market dimension</b>											
Nordic retail funds <sup>1</sup>	38.7	1.0	38.0								
Nordic private banking	26.3	0.5	25.8								
International Wealth Management and funds	12.8	0.3	12.5								
Institutional clients <sup>1</sup>	22.5	0.1	22.3								
Life & Pensions	25.4	0.2	24.8								
Total	125.7	2.1	123.3								
<b>Organisational dimension</b>											
Investment Funds, volumes <sup>2</sup>	48.2		46.9	15.0	14.4	7.4	6.9	1.9	1.8	16.9	16.8
Investment Management, volumes <sup>3</sup>	79.8		78.1								
Investment Funds margins, % <sup>4</sup>	0.95		0.98	0.45	0.48	1.08	1.15	0.73	0.82	1.06	1.08
Investment Management margins, % <sup>3</sup>	0.15		0.16								

<sup>1</sup> EUR 1.0 bn have been reclassified from institutional clients to retail funds as of the end of second quarter 2004

<sup>2</sup> Including EUR 7.1bn and EUR 7.0bn outside the Nordic countries for the second and third quarters, respectively.

<sup>3</sup> Includes management of Nordea investment funds and Group Life & Pensions assets.

<sup>4</sup> For Denmark net margins are included, whereas in the other markets, gross margins (before costs of fund management) are included.

## Key figures per quarter – Asset Management activities

EURm	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003
Revenues	132	134	137	137	119
Expenses	-47	-48	-48	-48	-44
Distribution expenses	-28	-28	-29	-29	-27
<b>Product result</b>	<b>57</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>48</b>
<i>of which profit within Retail Banking</i>	<i>30</i>	<i>27</i>	<i>27</i>	<i>25</i>	<i>22</i>
Cost/income ratio, %	57	57	56	56	60
Economic capital	130	133	136	133	122
Assets under management, EURbn	126	123	122	113	107
Number of employees (full-time equivalents)	829	793	786	784	804

## Key figures per quarter – Life activities

EURm	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003
<i>Traditional life insurance</i>					
Premiums written, net of reinsurance	391	422	491	533	370
Normalised investment return <sup>1</sup>	235	236	234	244	236
Benefits paid and change in provisions	-547	-560	-655	-687	-532
Insurance operating expenses	-23	-26	-25	-28	-24
<b>Normalised operating margin<sup>1</sup></b>	<b>56</b>	<b>72</b>	<b>45</b>	<b>62</b>	<b>50</b>
Fluctuations compared to normalised investment return	96	-280	347	-114	-151
Change in discount rate for life provisions	-172	159	-98	111	126
<b>Actual operating margin</b>	<b>-20</b>	<b>-49</b>	<b>294</b>	<b>59</b>	<b>25</b>
of which allocated to policyholders	-17	-26	-30	-6	-13
of which to/from financial buffers	73	124	-218	-10	28
Net profit from other business	3	3	3	-2	-1
<b>Product result before distribution expenses</b>	<b>39</b>	<b>52</b>	<b>49</b>	<b>41</b>	<b>39</b>
<i>Unit-linked business</i>					
Premiums written, net of reinsurance	99	190	152	168	87
<b>Product result before distribution expenses</b>	<b>10</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>7</b>
<i>Total</i>					
Premiums written, net of reinsurance	490	612	643	701	457
<b>Product result before distribution expenses</b>	<b>49</b>	<b>60</b>	<b>56</b>	<b>47</b>	<b>46</b>
Distribution expenses in Retail Banking	-2	-3	-3	-3	-3
<b>Product result<sup>2</sup></b>	<b>47</b>	<b>57</b>	<b>53</b>	<b>44</b>	<b>43</b>
of which profit within Retail Banking	19	17	13	18	10
Bonds	15,429	14,933	15,065	14,862	15,125
Equities	3,823	3,762	3,792	3,361	2,953
Property	2,250	2,218	2,200	2,186	2,021
Unit-linked	3,896	3,844	3,721	3,497	3,275
<b>Total investments</b>	<b>25,398</b>	<b>24,757</b>	<b>24,778</b>	<b>23,906</b>	<b>23,374</b>
Investment return, % <sup>3</sup>	1.9	-0.4	3.2	0.7	0.4
Technical provisions	24,116	22,891	23,642	22,859	22,474
of which financial buffers	856	933	1,058	878	842
Economic capital	848	803	837	967	879
Number of employees (full-time equivalents)	987	1,003	1,011	1,012	1,014

<sup>1</sup> In the statutory reporting investments are valued at market price. As a consequence, short-term fluctuations in financial markets affect the operating profit. The normalised investment return reflects the expected long-term return on investments based on the applicable asset mix within Life & Pensions operations.

<sup>2</sup> Reported life result in the Group's income statement includes the costs related to commissions paid to Retail Banking. In the presented product result these commissions are not deducted since they contribute to the Group's earnings on life products.

<sup>3</sup> Exclusive of unit-linked business.



## Group Treasury

- **Nordea Kredit assigned AAA rating from Standard & Poor's**
- **Highly successful European Tier 1 loan and lower Tier II loan**

Group Treasury is responsible for the Group's own investment portfolio and market risk-taking in financial instruments (excluding investments within insurance), as well as group funding, and asset and liability management.

### Market conditions

Mixed macroeconomic data and rising oil prices increased the uncertainty regarding the global macroeconomic outlook and long-term interest rates declined. Global stock markets fell in the beginning of the quarter but regained some of the fall later in the period. The US central bank increased short-term rates by 50 basis points to 1.75%.

### Business development

Nordea launched two subordinated loans in September. First, a cost-effective EUR 500 million Tier 1 bond at a 30-year all-in cost of Euribor +64 bps. The issue targeted at European private banking investors was well received in the market and it was well oversubscribed. Second, a successful lower Tier II Fixed rate EUR 500 million transaction was launched. Nordea was able to lock in 7 years subordinated debt at Euribor +30 bps all in.

On 19 October, Standard and Poor's assigned an AAA senior debt rating to covered bonds issued by Nordea Kredit. Nordea Kredit is one of the core mortgage companies of Nordea. Covered bonds issued by Nordea Kredit now carry an AAA rating by both S&P and Moody's.

The funding situation of Nordea continues to be strong. In its liability management Nordea focuses on diversification of its funding.

At the end of September, the price risk involved in Group Treasury's interest rate positions, calculated as VaR, was EUR 35m compared to EUR 28m at the end of the second quarter.

The structural interest income risk (SIIR) which shows the effect on net interest income in the next 12 months was EUR 245m assuming increasing market rates by 100 basis points and EUR -204m assuming decreasing market rates by 100 basis points. At the end of the second quarter the corresponding number was EUR 294m and EUR -248m.

The risk related to equities, calculated as VaR, was EUR 39m compared to EUR 45m at the end of June. The VaR figure comprises all equities including listed, unlisted and private equity.

## Investment Risk Framework

As outlined in the interim reports for the first and second quarter, a new framework for management of the Group's investment risk was implemented at the beginning of 2004. The new framework more directly links the investment return to the interest paid to business areas on allocated economic capital.

The basis for investments in Group Treasury is the Group's equity of approx. EUR 12bn. Investment earnings are defined as the net of return on investment and a funding cost, defined as the expected average medium-term risk-free return over time. The funding cost is directly correlated to the interest paid to business areas on their allocated economic capital. The rate is set annually and it is adjusted based on the prevailing market rate.

In 2004 the funding cost is approx 3.2%. In 2003, a shorter-term rate was used.

## Result

Operating profit was EUR 6m in the third quarter compared to EUR -27m in the second quarter.

Investment earnings were EUR -26m in the quarter compared to EUR -61m in the previous quarter. The result was negatively influenced by a positioning for higher rates early in the quarter when interest rates fell.

The annualised investment return in the third quarter was 3.0% excluding funding cost.

Operating profit in Group Funding was EUR 32m, unchanged compared to the second quarter. As a result of favourable positioning, Group Funding managed to uphold the high level of income achieved in the second quarter.

**Operating profit by main area**

EURm	Total		Group Investment				Group Funding	
	Q3	Q2	Fixed-income		Equity		Q3	Q2
	2004	2004	Q3 2004	Q2 2004	Q3 2004	Q2 2004	Q3 2004	Q2 2004
Income			-16	-43	-6	-15	40	42
Expenses			-3	-3	-1	0	-8	-8
<b>Profit excluding investment earnings</b>	<b>32</b>	<b>34</b>					<b>32</b>	<b>34</b>
Investment earnings	-26	-61	-19	-46	-7	-15		
<b>Operating profit</b>	<b>6</b>	<b>-27</b>						

**Key figures per quarter**

	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003
Operating profit, EURm	6	-27	55	62	35
Cost/income ratio, %	50	neg.	13	11	20
Bonds, EURm	16,481	15,656	15,811	14,352	15,409
Equities, EURm	321	384	399	430	441
Investments, EURm	16,802	16,040	16,210	14,782	15,850
Number of employees (full-time equivalents)	99	100	101	100	98

## Statutory income statement

EURm	Note	Q3 2004	Q3 2003	Jan- Sep 2004	Jan-Sep 2003
Interest income		1,953	2,361	5,927	7,252
Interest expenses		-1,065	-1,462	-3,316	-4,477
<b>Net interest income</b>		<b>888</b>	<b>899</b>	<b>2,611</b>	<b>2,775</b>
Dividend income		0	6	15	42
Net commission income		415	393	1,243	1,128
Net result from financial operations	3	48	101	284	283
Other operating income	9	27	33	372	160
<b>Total operating income</b>		<b>1,378</b>	<b>1,432</b>	<b>4,525</b>	<b>4,388</b>
General administrative expenses:					
Staff costs		-478	-520	-1,454	-1,577
Other administrative expenses		-333	-319	-1,022	-1,007
Depreciation, amortisation and write-down of tangible and intangible fixed assets		-72	-68	-226	-215
<b>Total operating expenses</b>		<b>-883</b>	<b>-907</b>	<b>-2,702</b>	<b>-2,799</b>
<b>Profit before loan losses</b>		<b>495</b>	<b>525</b>	<b>1,823</b>	<b>1,589</b>
Loan losses, net	4	3	-145	-37	-293
Change in value of assets taken over for protection of claims	4	-1	56	0	14
Write-downs on securities held as financial fixed assets		0	-	0	-
Profit from companies accounted for under the equity method		15	10	40	43
<b>Operating profit, banking</b>		<b>512</b>	<b>446</b>	<b>1,826</b>	<b>1,353</b>
<b>Operating profit, life insurance</b>	5	<b>36</b>	<b>35</b>	<b>122</b>	<b>92</b>
<b>Operating profit</b>		<b>548</b>	<b>481</b>	<b>1,948</b>	<b>1,445</b>
Pension adjustments		-	-11	-	-16
Tax on profit for the period		-149	159	-466	-139
Minority interests		-1	-1	-2	-2
<b>Net profit for the period</b>		<b>398</b>	<b>628</b>	<b>1,480</b>	<b>1,288</b>
Earnings per share, EUR		0.14	0.21	0.53	0.44
Earnings per share, after full dilution, EUR		0.14	0.21	0.53	0.44

## Statutory balance sheet, end of period

Assets, EURm	Note	30 Sep 2004	31 Dec 2003	30 Sep 2003
Loans and advances to credit institutions	6	22,761	29,037	24,900
Loans and advances to the public	6	154,451	145,644	148,688
Bonds and other interest-bearing securities		29,968	32,017	30,185
Shares and participations		611	648	658
Shares in associated and group undertakings		358	421	443
Assets, insurance <sup>1</sup>		23,325	22,880	22,597
Intangible fixed assets		1,972	2,090	2,154
Tangible assets		586	826	1,309
Other assets, banking <sup>1</sup>		27,820	28,627	29,746
<b>Total assets</b>		<b>261,852</b>	<b>262,190</b>	<b>260,680</b>
<sup>1</sup> Of which certain investments, for which customers and policyholders bear the whole risk.		6,898	6,673	6,144

### Liabilities, provisions and shareholders' equity, EURm

Deposits by credit institutions	32,236	28,753	25,151
Deposits and borrowings from the public	97,133	95,556	92,928
Debt securities in issue etc	58,770	64,380	66,818
Liabilities, insurance	22,830	21,824	21,583
Provisions and other liabilities, banking	32,092	34,377	36,252
Subordinated liabilities	6,339	5,115	5,400
Minority interests	3	8	9
Shareholders' equity	12,449	12,177	12,539
<b>Total liabilities, provisions and shareholders' equity</b>	<b>261,852</b>	<b>262,190</b>	<b>260,680</b>
Assets pledged for own liabilities	26,239	32,378	26,680
Other assets pledged	3,105	5,782	1,810
Contingent liabilities	14,044	13,612	14,314
Commitments	1,534,253	1,392,415	1,334,453

## Movements in shareholders' equity

EURm	Jan - Sep 2004			Jan - Sep 2003		
	Restricted equity	Unrestricted equity	Total equity	Restricted equity	Unrestricted equity	Total equity
Balance at beginning of period	6,055	6,122	12,177	6,056	5,841	11,897
Change in accounting policy (RR 29)		-183	-183			-
Balance at beginning of period, restated	6,055	5,939	11,994	6,056	5,841	11,897
Dividend		-696	-696		-673	-673
Own shares <sup>1, 2</sup>		-351	-351		-2	-2
Transfers between restricted and unrestricted reserves <sup>3</sup>	323	-323	0			-
Currency translation adjustment	8	14	22	44	-15	29
Net profit for the period		1,480	1,480		1,288	1,288
<b>Balance at end of period</b>	<b>6,386</b>	<b>6,063</b>	<b>12,449</b>	<b>6,100</b>	<b>6,439</b>	<b>12,539</b>

<sup>1</sup> Refers to the change in the trading portfolio and Nordea shares within the portfolio schemes in Denmark. Number of own shares in the trading portfolio and within the portfolio schemes at 30 Sep 2004 was 2 million. (31 Dec 2003: 3 million, 30 Sep 2003: 3 million).

<sup>2</sup> The number of own shares referring to Nordea Bank AB (publ)'s repurchase of own shares was as at 30 Sep 2004 145 million (31 Dec 2003: 82 million, 30 Sep 2003: 57 million). The Annual General Meeting (AGM) decided on 31 March 2004 to reduce the share capital by EUR 32,343,080.72. The cancellation was registered on 26 October 2004. The reduction has been made through retirement without payment. The average number of own shares Jan-Sep 2004 was 132 million (Jan-Sep 2003: 59 million).

<sup>3</sup> Due to the merger of Nordea Bank AB (publ) and Nordea Bank Sweden AB (publ).

## Cash flow statement

EURm	Jan-Sep 2004	Jan-Sep 2003
<i>Operating activities</i>		
Operating profit	1,948	1,445
Pension adjustments	-	-16
Adjustments for items not included in cash flow	726	586
Income taxes paid	-408	-263
Cash flow from operating activities before changes in operating assets and liabilities	2,266	1,752
<i>Changes in operating assets and liabilities</i>		
Change in bonds and other interest-bearing securities	2,010	-1,974
Change in loans and advances to credit institutions	1,957	-1,979
Change in loans and advances to the public	-9,235	-3,332
Change in shares and participations	7	-58
Change in assets, insurance	-445	-1,067
Change in derivatives, net	-333	-357
Change in other assets, excluding derivatives	-715	-1,553
Change in deposits by credit institutions	3,491	-841
Change in deposits and borrowings from the public	1,577	-1,249
Change in debt securities in issue etc	-5,610	4,960
Change in liabilities, insurance	1,006	1,365
Change in other liabilities, excluding derivatives	-1,157	1,120
Cash flow from operating activities	-5,181	-3,213
<i>Investing activities</i>		
Acquisition of shares in group undertakings	0	-38
Sale of shares in group undertakings	2	5
Acquisition of tangible assets	-72	-
Sale of tangible assets	865	461
Acquisition of intangible fixed assets	-8	-
Sale of intangible fixed assets	4	161
Purchase/sale of other financial fixed assets	67	157
Cash flow from investing activities	858	746
<i>Financing activities</i>		
Issued/amortised subordinated liabilities	1,224	-728
Repurchase of own shares incl change in trading portfolio	-351	-5
Dividend paid	-696	-673
Cash flow from financing activities	177	-1,406
<b>Cash flow for the period</b>	<b>-4,146</b>	<b>-3,873</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>7,629</b>	<b>8,484</b>
Exchange rate difference	4	7
<b>Cash and cash equivalents at end of period</b>	<b>3,487</b>	<b>4,618</b>
<b>Change</b>	<b>-4,146</b>	<b>-3,873</b>
<b>Liquid assets</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>
The following items are included in liquid assets (EURm):	<u>2004</u>	<u>2003</u>
Cash and balances at central banks	1,924	1,399
Loans and advances to credit institutions, payable on demand	1,563	3,219

Cash comprises legal tender and bank notes in foreign currencies. Balances at central banks consist of deposits in accounts at central banks and postal giro systems under government authority, where the following conditions are fulfilled:

- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available at any time.

Loans and advances to credit institutions, payable on demand include liquid assets not represented by bonds or other interest-bearing securities.

## Notes to the financial statements

### Note 1 Accounting policies

The accounts are prepared in accordance with the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies (ÅRKL), the regulations of the Swedish Financial Supervisory Authority (FFFS), the recommendations of the Swedish Financial Accounting Standards Council (RR) and the interpretations by the RR's Standing Interpretations Committee.

The application of FFFS in certain cases takes precedence over the recommendations and interpretations of the Swedish Financial Accounting Standards Council. RR 27 Financial Instruments: Disclosure and Presentation, is not applicable to credit institutions. Other departures have not had any significant effect on the financial statements. In accordance with FFFS the consolidation is prepared line-by-line in respect of the banking subgroups and in a more simplified manner in respect of the insurance subgroup.

In preparing the interim report FFFS 2002:22 has been applied. On 1 January 2004 FFFS 2003:11 came into force. The full application of this regulation is however optional, and is mandatory only for those institutes which are applying the new rules of recognition and measurement of financial instruments found in ÅRKL. Nordea has chosen to await the endorsement of IAS 32 and 39 by IASB, before applying the new rules.

The Swedish Financial Accounting Standards Council's recommendation RR 29 Employee Benefits also came into force on 1 January 2004. The implementation of RR 29 has led to changes in the way pension obligations and pension costs are calculated. Calculations in accordance with RR 29 differ substantially from those applied earlier based on national GAAP. The change of accounting principle has created a transitional value, amounting to EUR 183m after deferred tax, which has been recognised as a one-off reduction of the Group's equity.

In all other material respects the accounting policies and the basis for calculations are unchanged in comparison to the 2003 Annual Report.

### Exchange rates

	Jan-Sep 2004	Jan-Dec 2003	Jan-Sep 2003
<b>EUR 1 = SEK</b>			
Income statement (average)	9.1684	9.1453	9.1808
Balance sheet (at end of period)	9.0537	9.0800	8.9625
<b>EUR 1 = DKK</b>			
Income statement (average)	7.4401	7.4303	7.4283
Balance sheet (at end of period)	7.4405	7.4450	7.4256
<b>EUR 1 = NOK</b>			
Income statement (average)	8.4342	7.9914	7.9138
Balance sheet (at end of period)	8.3444	8.4141	8.1840
<b>EUR 1 = PLN</b>			
Income statement (average)	4.6310	4.4202	4.3306
Balance sheet (at end of period)	4.3653	4.7019	4.6227

**Note 2 Reconciliation of operational income statement with statutory income statement**

	Statutory income statement Jan-Sep 2004	Reclassifications						Operational income statement Jan-Sep 2004
		Trading income	Investment earnings, banking	Life insurance	Real estate sales and write-downs	Goodwill amorti- sation	Leasing depreciation	
EURm								
Net interest income	2,611	-13	30				-30	2,598
Other income	1,914	13	-9		-300			1,618
<b>Total income</b>	<b>4,525</b>	<b>0</b>	<b>21</b>		<b>-300</b>		<b>-30</b>	<b>4,216</b>
<b>Total expenses</b>	<b>-2,702</b>		<b>11</b>			<b>102</b>	<b>30</b>	<b>-2,559</b>
Loan losses (incl change in value of property taken over)	-37							-37
Profit from companies accounted for under the equity method	40		-7					33
Investment earnings, banking			-25					-25
Operating profit, life insurance	122			18				140
Goodwill amortisation				-18		-102		-120
<b>Operating profit</b>	<b>1,948</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-300</b>	<b>0</b>	<b>0</b>	<b>1,648</b>
Real estate sales and write-downs, net					300			300
Tax on profit for the period	-466							-466
Minority interests	-2							-2
<b>Net profit</b>	<b>1,480</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,480</b>

Trading income

Net interest income from trading transactions in Markets is reported as other income (Trading income) in the operational income statement.

Investment earnings, banking

Net interest income, gains/losses on investment portfolios (fixed income and equity holdings), dividends received on these portfolios as well as total expenses related to investment activities are all reported in one line on net basis in the operational income statement.

Life insurance

Goodwill amortisation related to Life activities is included in one line consolidation of Life insurance in statutory reporting, but is included in the separate line item "Goodwill amortisation and write-downs" in the operational income statement.

Real estate sales and write-downs

The net effect of sales and write-downs of real estate is included in other income in statutory reporting, but is reported on a separate line below operating profit in the operational income statement.

Goodwill amortisation

Goodwill amortisation (excluding Life activities) is included in total expenses in statutory reporting, but is reported on separate line in the operational income statement.

Leasing depreciation

Operational leasing depreciation is reported as expenses in the statutory income statement, but is reported as a reduction of net interest income in the operational income statement.

	Q3 2004	Q3 2003	Jan-Sep 2004	Jan-Sep 2003
<b>Note 3 Net result from financial operations, EURm</b>				
<b>Realised gains/losses</b>				
Shares/participations and other share-related instruments	2	51	59	55
Interest-bearing securities and other interest-related instruments	94	-75	78	4
Other financial instruments	10	39	-16	32
Total realised gains/losses	106	15	121	91
<b>Unrealised gains/losses</b>				
Shares/participations and other share-related instruments	6	23	-10	28
Interest-bearing securities and other interest-related instruments	-92	18	57	186
Other financial instruments	-3	-7	17	-9
Total unrealised gains/losses	-89	34	64	205
Foreign exchange gains/losses	31	52	99	-13
<b>Total</b>	<b>48</b>	<b>101</b>	<b>284</b>	<b>283</b>
<b>Note 4 Loan losses, net, EURm</b>				
	Q3 2004	Q3 2003	Jan-Sep 2004	Jan-Sep 2003
Write-downs and provisions for loans and advances to the public	-127	-265	-384	-703
Reversals and recoveries for loans and advances to the public	129	176	347	424
<b>Total</b>	<b>2</b>	<b>-89</b>	<b>-37</b>	<b>-279</b>
<b>Specifications</b>				
<i>Specific provisions for individually assessed loans</i>				
Realised loan losses during the period	-94	-181	-244	-495
Reversed amount of previous provisions made for realised losses during the period	55	95	171	325
This period's provisions for probable loan losses	-83	-172	-262	-522
Recoveries of previous periods' realised loan losses	23	41	53	96
Reversals of provisions for probable loan loss no longer required	100	79	233	288
This period's costs for individually assessed loans, net	1	-138	-49	-308
<i>Aggregate provisions for individually assessed loans</i>				
Allocation to reserve	0	-6	-26	-6
Withdrawal from reserve	-	-5	-	2
This period's change of aggregate provisions for individually assessed loans	0	-11	-26	-4
<i>Assessment of homogenous clusters of loans with low value and similar credit risk</i>				
Realised loan losses during the period	-4	-	-10	-
Recoveries of previous periods' realised loan losses	-1	-	30	-
Allocation to reserve	0	0	0	0
Withdrawal from reserve	1	1	8	2
This period's net costs for clusters of loans with homogenous credit risk	-4	1	28	2
<i>Transfer risks</i>				
Allocation to reserve for transfer risks	0	-1	-13	-5
Withdrawal from reserve for transfer risks	5	3	22	19
This period's change for transfer risks	5	2	9	14
<i>Contingent liabilities</i>				
This period's net cost for redemption of guarantees and other contingent liabilities	1	1	1	3
<b>This period's loan losses, net (statutory income statement)</b>	<b>3</b>	<b>-145</b>	<b>-37</b>	<b>-293</b>
Change in value of assets taken over for protection of claims	-1	56	-	14
<b>This period's loan losses, net (operational income statement)</b>	<b>2</b>	<b>-89</b>	<b>-37</b>	<b>-279</b>



	Q3 2004	Q3 2003	Jan-Sep 2004	Jan-Sep 2003
<b>Note 5 Operating profit, life insurance, EURm</b>				
<b>Life insurance and pensions</b>				
Premiums written, net of reinsurance	472	434	1,674	1,522
Investment, income	192	243	714	721
Unrealised investments gains/losses	158	-63	346	424
Claims incurred and benefits paid	-385	-302	-1,206	-953
Change in life insurance provisions	-399	-247	-1,182	-1,254
Change in collective bonus potential	84	19	7	-102
Operating expenses	-33	-34	-103	-110
Investment, expenses	-11	-6	-26	-65
Yield tax	-35	-1	-79	-72
Transferred return on investments	-10	-10	-31	-41
<b>Technical result</b>	<b>33</b>	<b>33</b>	<b>114</b>	<b>70</b>
Net profit from health and personal accident insurance	-1	-3	-5	-2
Transferred return on investments	10	10	31	41
<b>Operating profit before group adjustments</b>	<b>42</b>	<b>40</b>	<b>140</b>	<b>109</b>
Group adjustments (goodwill amortisation)	-6	-5	-18	-17
<b>Operating profit, life insurance</b>	<b>36</b>	<b>35</b>	<b>122</b>	<b>92</b>

**Note 6 Loan portfolio and its impairment<sup>1</sup>**

	30 Sep 2004	31 Dec 2003	30 Sep 2003
EURm			
Loans and advances to credit institutions	22,761	29,037	24,900
Loans and advances to the public	154,451	145,644	148,688
<b>Total</b>	<b>177,212</b>	<b>174,681</b>	<b>173,588</b>

<sup>1</sup> Loan portfolio is defined as Loans and advances to credit institutions and Loans and advances to the public.

**Loan portfolio by categories of borrowers**

30 September 2004, EURm	Credit institutions	Corpo- rates	House- holds	Public sector	Total
<b>Loans at amortised cost before reserves</b>	<b>22,761</b>	<b>81,288</b>	<b>71,821</b>	<b>3,166</b>	<b>179,036</b>
- of which impaired loans <sup>2</sup>	-	1,891	528	1	2,420
- of which non-performing loans, which are impaired <sup>2</sup>	-	921	318	0	1,239
- of which performing loans, which are impaired <sup>2</sup>	-	969	211	1	1,181
<b>Reserves</b>	<b>-</b>	<b>-1,488</b>	<b>-335</b>	<b>-1</b>	<b>-1,824</b>
- of which reserves for impaired loans <sup>2</sup>	-	-1,488	-335	-1	-1,824
- of which reserves for non-performing loans, which are impaired <sup>2</sup>	-	-518	-125	0	-643
- of which reserves for performing loans, which are impaired <sup>2</sup>	-	-969	-211	-1	-1,181
<b>Loans at amortised cost after reserves (book value)</b>	<b>22,761</b>	<b>79,800</b>	<b>71,486</b>	<b>3,165</b>	<b>177,212</b>
- of which impaired loans <sup>2</sup>	-	403	193	0	596
- of which non-performing loans, which are impaired <sup>2</sup>	-	403	193	0	596
- of which performing loans, which are impaired <sup>2</sup>	-	-	-	-	-

<sup>2</sup> Impaired loans can be non-performing as well as performing loans.

**Specification of reserves**

Specific reserves for individually assessed loans	-	-1,054	-280	-1	-1,335
Aggregate reserves for individually assessed loans	-	-434	-	-	-434
Assessment of homogenous clusters of loans with low value and similar credit risk	-	-	-55	-	-55
<b>Total reserves</b>	<b>-</b>	<b>-1,488</b>	<b>-335</b>	<b>-1</b>	<b>-1,824</b>

Note 6, continued

31 December 2003, EURm	Credit institutions	Corpo- rates	House- holds	Public sector	Total
<b>Loans at amortised cost before reserves</b>	<b>29,037</b>	<b>79,457</b>	<b>65,091</b>	<b>3,032</b>	<b>176,617</b>
- of which impaired loans <sup>2</sup>	-	2,090	558	1	2,649
- of which non-performing loans, which are impaired <sup>2</sup>	-	871	252	0	1,123
- of which performing loans, which are impaired <sup>2</sup>	-	1,219	306	1	1,526
<b>Reserves</b>	<b>-</b>	<b>-1,582</b>	<b>-353</b>	<b>-1</b>	<b>-1,936</b>
- of which reserves for impaired loans <sup>2</sup>	-	-1,582	-353	-1	-1,936
- of which reserves for non-performing loans, which are impaired <sup>2</sup>	-	-363	-47	0	-410
- of which reserves for performing loans, which are impaired <sup>2</sup>	-	-1,219	-306	-1	-1,526
<b>Loans at amortised cost after reserves (book value)</b>	<b>29,037</b>	<b>77,875</b>	<b>64,738</b>	<b>3,031</b>	<b>174,681</b>
- of which impaired loans <sup>2</sup>	-	508	205	0	713
- of which non-performing loans, which are impaired <sup>2</sup>	-	508	205	0	713
- of which performing loans, which are impaired <sup>2</sup>	-	-	-	-	-

<sup>2</sup> Impaired loans can be non-performing as well as performing loans.**Specification of reserves**

Specific reserves for individually assessed loans	-	-1,176	-291	-1	-1,468
Aggregate reserves for individually assessed loans	-	-406	-	-	-406
Assessment of homogenous clusters of loans with low value and similar credit risk	-	-	-62	-	-62
<b>Total reserves</b>	<b>-</b>	<b>-1,582</b>	<b>-353</b>	<b>-1</b>	<b>-1,936</b>

30 September 2003, EURm	Credit institutions	Corpo- rates	House- holds	Public sector	Total
<b>Loans at amortised cost before reserves</b>	<b>24,900</b>	<b>83,772</b>	<b>63,918</b>	<b>3,070</b>	<b>175,660</b>
- of which impaired loans <sup>2</sup>	-	2,327	584	5	2,916
- of which non-performing loans, which are impaired <sup>2</sup>	-	821	262	5	1,088
- of which performing loans, which are impaired <sup>2</sup>	-	1,505	322	1	1,828
<b>Reserves</b>	<b>-</b>	<b>-1,697</b>	<b>-374</b>	<b>-1</b>	<b>-2,072</b>
- of which reserves for impaired loans <sup>2</sup>	-	-1,697	-374	-1	-2,072
- of which reserves for non-performing loans, which are impaired <sup>2</sup>	-	-191	-52	-1	-244
- of which reserves for performing loans, which are impaired <sup>2</sup>	-	-1,505	-322	-1	-1,828
<b>Loans at amortised cost after reserves (book value)</b>	<b>24,900</b>	<b>82,075</b>	<b>63,544</b>	<b>3,069</b>	<b>173,588</b>
- of which impaired loans <sup>2</sup>	-	630	210	4	844
- of which non-performing loans, which are impaired <sup>2</sup>	-	630	210	4	844
- of which performing loans, which are impaired <sup>2</sup>	-	-	-	-	-

<sup>2</sup> Impaired loans can be non-performing as well as performing loans.**Specification of reserves**

Specific reserves for individually assessed loans	-	-1,307	-310	-1	-1,618
Aggregate reserves for individually assessed loans	-	-390	-	-	-390
Assessment of homogenous clusters of loans with low value and similar credit risk	-	-	-64	-	-64
<b>Total reserves</b>	<b>-</b>	<b>-1,697</b>	<b>-374</b>	<b>-1</b>	<b>-2,072</b>

Note 6, continued

	30 Sep 2004	31 Dec 2003	30 Sep 2003
Reserves/impaired loans, gross, %	75	73	71
Impaired loans <sup>2</sup> , gross/loans and advances to the public, gross, %	1,5	1,8	2,0

<sup>2</sup> Impaired loans can be non-performing as well as performing loans.

	30 Sep 2004	31 Dec 2003	30 Sep 2003
<b>Assets taken over for protection of claims, EURm</b>			
<b>Current assets</b>			
Land and buildings	1	1	2
Shares and other participations	1	1	38
Other assets	0	1	1
<b>Total</b>	<b>2</b>	<b>3</b>	<b>41</b>

	30 Sep 2004	31 Dec 2003	30 Sep 2003
<b>Note 7 Capital adequacy</b>			
Tier 1 capital, EURm <sup>1</sup>	10 694	9 754	10 629
Capital base, EURm <sup>1</sup>	14 239	12 529	13 676
Risk-weighted assets, EURbn	140	134	135
Tier 1 capital ratio, % <sup>1</sup>	7,6	7,3	7,9
Total capital ratio, % <sup>1</sup>	10,1	9,3	10,1

<sup>1</sup> Including the result for the first nine months.**Note 8 Derivatives, EURm**

30 Sep 2004	Positive values		Negative values	
	Fair value	Book value	Fair value	Book value
Interest rate derivatives	14 433	14 033	14 455	13 996
Equity derivatives	436	302	390	257
Foreign exchange derivatives	3 966	3 936	4 718	4 631
Other derivatives	108	108	140	139
<b>Total</b>	<b>18 943</b>	<b>18 379</b>	<b>19 703</b>	<b>19 023</b>

**Note 9 Other operating income**

Other operating income includes the net result of sale and write-down of real estate during the second quarter 2004 amounting to EUR 300m.

- A conference call with management will be arranged on 27 October 2004 at 18.00, CET.  
(Please dial + 44 (0) 207 769 6434, access code Nordea, ten minutes in advance.) The telephone conference can be monitored live on [www.nordea.com](http://www.nordea.com). An indexed on-demand version will also be available on [www.nordea.com](http://www.nordea.com).
- This interim report is available on the Internet ([www.nordea.com](http://www.nordea.com)).
- A slide presentation is available on the Internet.

**For further information:**

Arne Liljedahl, Group CFO/EVP	+46 8 614 7996	
Johan Ekwall, Head of Investor Relations	+46 8 614 7852	(or +46 70 607 92 69)
Erik Evrén, Chief Communication Officer, Sweden	+46 8 614 8611	(or +46 70 946 53 89)

**Financial calendar:**

The year-end report 2004 will be published on 23 February 2005

The Nordea Bank AB Annual report is expected to be published on the Internet in week 10 of 2005 at [www.nordea.com](http://www.nordea.com). The annual report will be available in print in week 12 of 2005.

The Annual General Meeting will be held on 8 April 2005

**Capital Markets Day**

Nordea will arrange its Capital Markets Day on 30 November 2004 at River Court, 120 Fleet Street, London EC4A 2BB between 12.30 noon and 4.30 pm.

Wednesday 27 October 2004

Lars G Nordström  
President and Group CEO

This report is published in four additional language versions; Danish, Finnish, Norwegian and Swedish. In the event of any inconsistencies between those language versions and this English version, the English version shall prevail.

This report has not been subject to review by the auditors.

Nordea Bank AB (publ)  
Hamngatan 10  
SE-105 71 Stockholm

Tel. +46 8 614 7800

Corporate registration No. 516406-0120

[www.nordea.com](http://www.nordea.com)